



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

Office of the Inspector General  
818 West 7th Street, Suite 500  
Los Angeles, CA 90017

213.244.7300 Tel  
metro.net

**34**

**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE**  
**January 19, 2006**

**SUBJECT: OFFICE OF INSPECTOR GENERAL (OIG) AUDIT  
ACTIVITIES REPORT**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file OIG Audit Activities Report.

**ISSUE**

The Board of Directors requested the OIG to report on audit activities.

**BACKGROUND**

The OIG Charter states that the OIG was established to provide an independent and objective unit reporting directly to the Board of Directors. The OIG has numerous responsibilities as defined in the Charter, and the OIG Audit Unit has a broad responsibility for oversight in a cooperative support mode with MTA management for increased accountability and improvement of organizational performance.

A large measure of the OIG audit focus is to provide the Board of Directors and MTA management with independent analyses, evaluations, and appraisals of performance effectiveness, accuracy of information, efficient use of resources, and adequacy of internal controls. In addition, the Audit Unit is charged with the detection and analysis of those items indicative of fraud, waste, or abuse.

**DISCUSSION**

The OIG has issued the following audit reports:

- Lost and Found Procedures
- Bus Operations Customer Complaints and Comments Program
- Follow-up Review on Controls Over Direct Connect Mobile Telephones

- Follow-up Review on Controls Over Cellular Telephones
- Follow-up Review on Bus Operator Training and Medical Certification Procedures
- Miscellaneous Expenses for the Period January 1, to March 31, 2005
- Miscellaneous Expenses for the Period April 1, to June 30, 2005

These audit reports were previously submitted to the Board and MTA management in their entirety.

Two of the reports covering Lost and Found Procedures and Bus Operations Customer Complaints identified opportunities for improving customer service to transit riders.

### **Lost and Found Procedures**

The OIG received information that cash was allegedly stolen from a wallet, which was placed in the “Lost and Found” area at a bus division. The OIG and MTA’s Special Investigations Unit jointly performed surveillance at the division, and found that a Transportation Operations Supervisor (TOS) took \$50 from a wallet at the division’s Lost and Found area. When confronted with the evidence, the TOS admitted to taking the money. According to the Los Angeles City Attorney, the TOS pled guilty to one count of petty theft; and was ordered to pay \$50 restitution, a \$150 fine, 12 months probation, and 5 days community service. MTA no longer employs the TOS.

Our investigation noted several internal control weaknesses with the division’s lost and found process. The OIG Audit and Investigations Units performed an expanded review of Lost and Found Procedures at other Metro bus and rail divisions. The audit found that controls over lost and found property needed improvement in several areas.

- Bus divisions did not have written policies and procedures for lost and found; and written procedures at rail divisions and the Lost and Found Facility were outdated.
- Lost and found articles were not secured at seven divisions. Items were placed on the counter or in unlocked drawers and cabinets.
- Divisions did not have sufficient quantities of security bags and locks. Lost and found articles were not always placed in security bags and the bags were not always locked. On 53 occasions the Lost and Found Facility received lost articles from divisions in inter-office envelopes or unsecured cardboard boxes. Documents we reviewed indicated that \$100 was missing from an unsecured box and seven items were missing from an unlocked bag.
- Articles were not turned in to the Lost and Found Facility on a daily basis. For example, one division turned in lost articles weekly.

- Serial numbered Lost and Found Tags were unaccounted for at 12 divisions.
- Divisions did not submit required documentation such as the serial numbered Lost and Found Tag and the Daily Lost Article List.

Management agreed with the findings and recommendations, and initiated the recommended corrective actions.

### **Bus Operations Customer Complaints and Comments Program**

We found that MTA had good control over the functions of receiving complaints and comments, and recording them in the Passenger Comment Management System (PCMS). However, there were problems with investigating and closing complaints in a timely manner. For example, the divisions averaged 81 days to close complaints in March 2004. In this area, the Deputy Chief Executive Officer Metro Operations has taken positive steps to improve the timeliness of closing customer complaints. This action demonstrated MTA's commitment to provide first-rate customer service.

The audit determined that additional improvements were needed in several areas such as implementing standard procedures and guidelines for processing complaints, developing resolution codes for complaints, and providing feedback to customers. Specifically, we found that:

- There were no agency-wide policies or procedures concerning the processing of customer complaints and comments for bus operations.
- In fiscal year 2004, 2,221 customer complaints for two divisions were administratively closed without any investigation or review. Staff at the two divisions did not work the complaints and a large backlog of unresolved complaints had accumulated.
- Ten divisions closed 1,388 complaints without recording any comments (blank) in the "Findings" Field of the PCMS database. Therefore, the results of the investigation of the complaint could not be determined.
- Over 3,900 closed complaints had very limited and/or general comments in the "Findings" Field of the PCMS database. These limited comments did not provide sufficient information to determine the result of investigations, rationale for decisions, or actions taken to resolve complaints.
- Staff responded to 183, or 13.4%, of 1,364 complaints where the customer requested a response from MTA. One division did not respond to any of 172 customer requests for response, and four other divisions responded to less than 5% of the requests for responses.

- Customer complaints and comments identified to contract bus operations were automatically closed in the PCMS without recording the results of the investigation in the PCMS “Findings” Field.

Management agreed with the findings and recommendations, and initiated the recommended corrective actions.

### **Follow-up Review on Controls Over Direct Connect Mobile Telephones**

We performed a follow-up review on our prior report on the *Audit of Controls Over Direct Connect Mobile Telephones*. At the time of our prior review, MTA was using approximately 500 mobile telephones provided by Nextel Communications. The prior audit identified several areas where improvements were needed:

- Oversight was lax, applicable policies and procedures were not followed, monthly bills were not reviewed for accuracy, and user departments were not provided copies of the bills.
- \$62,000 of overcharges and errors were not detected.
- Large unpaid balances up to \$170,000 appeared on monthly bills without being questioned, reviewed, and resolved.
- The identities of the users for 101 mobile telephones were not known.
- Over \$46,000 in telephone equipment and installation costs were improperly charged on a monthly telephone bill.

Our follow-up review found that MTA management had taken adequate corrective actions to implement the recommendations. The corrective actions taken by management should provide better controls over Nextel mobile telephones and billings.

### **Follow-up Review on Controls Over Cellular Telephones**

We performed a follow-up review on our prior report on the *Audit of Controls Over Cellular Telephones*. At the time of our prior review, MTA was using approximately 310 mobile telephones provided by Verizon Wireless. The prior audit identified several areas where improvements were needed:

- Cellular telephone bills were not adequately reviewed for accuracy, and erroneous billing charges were not detected. On one monthly bill, Verizon overcharged the MTA \$33,300 for erroneous Early Termination Fees on 210 cellular telephones.
- Cellular telephone costs were unnecessarily expensive because usage data were not reviewed to determine whether the most effective service plan was being used. We

estimated that MTA would have saved approximately \$56,000 annually by getting the best service plan for each telephone.

- Copies of monthly bills were not provided to using Departments, and reviews were not made to ensure that calls were necessary for conducting MTA business and in compliance with MTA policies.

Our follow-up review found that MTA management had taken adequate corrective actions to implement the recommendations. The corrective actions taken by management should provide better controls over cellular telephones and billings.

### **Follow-up Review on Bus Operator Training and Medical Certification Procedures**

We performed a follow-up review on our prior report on the *Review of Bus Operator Training and Medical Certification Procedures*. The prior audit identified several areas where improvements were needed:

- The bus divisions did not fully implement the Transit Operations Department's policy of conducting a yearly line ride for each bus operator. None of the divisions fully complied with the annual line ride requirement because of a shortage of certified instructors.
- We found that opportunity existed to better utilize driving instructors. At 10 of the 11 divisions, driving instructors spent part of their time performing administrative tasks such as maintaining bus operator folders.
- The Operations Department did not have a uniform training program and standard curriculums for training division bus operators.

Our follow-up review found that MTA management had taken adequate corrective actions to implement the recommendations. The corrective actions taken by management should improve the effectiveness of operator training.

### **Audits of Miscellaneous Expenses**

The two quarterly audits of miscellaneous expenses did not reveal any reportable conditions.

Prepared by: Jack Shigetomi, Deputy Inspector General - Audits



WILLIAM WATERS  
Inspector General

